



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **SURVEY OF COUNTY CONTRACTORS THAT HAVE THE AUTHORITY
TO AUTHORIZE COUNTY PAYMENTS – STATUS REPORT**

On January 6, 2004, your Board directed my office to report back in February 2004, and quarterly thereafter, on the status of our review of County departments and districts with contractors that have the ability to authorize and approve County warrants.

In response to a survey we distributed to all County departments and districts, six departments self-reported that they have contracts among 15 programs where the contractors have the ability to authorize and approve County warrants. Attachment I shows a complete listing of the survey results.

The Departments of Public Social Services (DPSS) and/or Community and Senior Services (CSS) reported a total of five programs. We previously reported on two of those programs, the Greater Avenues for Independence (GAIN) and Refugee/Immigrant Training and Employment (RITE), to your Board in a report dated December 5, 2003.

Review Summary

In this period, we completed a review of three programs and the results of our review follow.

DPSS Homeless Prevention Services

DPSS contracts with the Los Angeles Homeless Services Authority (LAHSA) to act as intermediary under the Emergency Assistance to Prevent Eviction/Moving Assistance program. Under this program, eligible participants may qualify for benefits to pay for delinquent rent and/or utilities, or moving assistance. While LAHSA is responsible for

issuing the payments under this program, LAHSA subcontracts with four separate agencies that determine the eligibility for benefits and submit requests for payment to LAHSA. DPSS' role is limited to quarterly monitoring of approximately 10% of the payments made by LAHSA to verify that the payments are adequately supported by the requisite documentation.

DPSS' intermediary contract with LAHSA will expire effective June 30, 2004, and LAHSA indicated that it does not intend to renew the contract. Since the contract is due to expire shortly, we recommend that DPSS continue to perform monitoring. However, if the Department decides to re-contract for these services, DPSS should ensure that only designated County staff approve the issuance of warrants, consistent with the policy adopted by the Board of Supervisors on January 6, 2004.

DPSS Refugee Employment Program (REP)

With the exception of one contractor, all of the County's REP providers are also RITE providers. In response to the findings included in our December 5, 2003 report, DPSS has assumed responsibility for authorization of all payments formerly issued by the RITE providers.

Department of Public Works (DPW) – Third Party Review of Invoices

DPW contracts with Daniel, Mann, Johnson and Mendenhall + Harris, Inc. (DMJM+H) to manage various capital projects for the Department. In this capacity, DMJM+H reviews contractor invoices for pricing, reasonableness and appropriateness. DMJM+H then forwards the approved invoices to DPW's Fiscal Division, where Fiscal staff perform the standard review afforded all on-line vendor payments made by the Department, before scheduling on-line vendor payments.

While DMJM+H does perform the initial review of contractor invoices, DPW retains the responsibility to review and approve all DMJM+H reviewed invoices and issue payments. We have no recommendation in this area.

Additional Action

We will continue our review of the remaining programs and will provide your Board with a status on those programs, including recommended actions, in our next quarterly report.

If you have any questions, please contact me, or your staff may contact DeWitt Roberts at (626) 293-1101.

JTM:DR:JK:MM

Attachment

- c: David E. Janssen, Chief Administrative Officer
- Phillip L. Browning, Director, Child Support Services Department
- Steve Cooley, District Attorney
- Michael J. Henry, Director, Department of Human Resources
- James A. Noyes, Director, Department of Public Works
- Robert Ryans, Director, Department of Community and Senior Services
- Bryce Yokomizo, Director, Department of Public Social Services
- Violet Varona-Lukens, Executive Officer
- Public Information Office
- Audit Committee

Review Status – Survey of Contractors Authorizing County Payments

	Program/Activity/Function (Responsible Department)	Review Status	Contractor Name(s)
1	Refugee/Immigrant Training and Employment (DPSS/DCSS)	Completed	Various
2	Greater Avenues for Independence (GAIN) /(DPSS)	Completed	Maximus and ACS
3	Refugee Employment Program (DPSS)	Completed	9 Community Based Organizations
4	Homeless Prevention Services (DPSS)	Completed	LAHSA
5	Capital Projects Management (DPW)	Completed	Daniel, Mann, Johnson and Mendenhall + Harris
6	Pension Savings Plan (DHR/CAO)	In Progress	Management Applied Programming
7	Dependent/Health Care Spending Account (DHR)	In Progress	Management Applied Programming
8	CalWORKs Stage 1 Child Care (DPSS)	In Progress	13 Alternative Payment Providers
9	Child Support Payments (CSSD)	In Progress	ACS State and Local Solutions
10	Workers' Compensation Claims Administration (CAO)	In Progress	Various
11	Long Term Disability Claims Administration (CAO)	In Progress	VPA, Inc.
12	Auto and General Liability Claims Administration (CAO)	In Progress	Carl Warren and Company
13	Medical Malpractice Liability Claims Administration (CAO)	In Progress	Octagon Risk Services, Inc.
14	Deferred Compensation Plans (CAO)	In Progress	Great West Life and Annuity
15	Bad Check Restitution Program (DA)	In Progress	American Corrective Counseling Services, Inc.